

**Minutes
Toll Bridge Advisory Committee
Meeting of October 25, 2002**

Meeting Schedule

November 1	Meeting canceled
November 8	Presentation of projects with initial rankings. At this point, we will discuss when to convene next.

*All meetings to be held at 2pm, in the Alameda County CMA Offices located in downtown Oakland at 1333 Broadway, Suite 220.

Schedule for Legislation

Senate Select Committee Hearing on the Plan (with input from the Toll Advisory Committee) will be held in early January.

The bill will be printed in late January.

First Senate Transportation Committee hearing in March.

Discussion of Projects

Ezra Rapport presented his initial evaluation of system-wide projects and those serving the Richmond-San Rafael, Carquinez, and Benicia/Antioch Bridge corridors. He explained that this initial evaluation was a reflection of his own views and that MTC's final evaluation would not be presented until November 8th. A summary of the discussion on specific projects follows below:

TransLink — Rebecca Long (MTC) clarified that the MTC proposal would fund full integration for all operators in Phase 1 but does not cover the operators operations costs. Ezra stated that the toll legislation will likely require development of a regional fare agreement by some date. All operators receiving toll bridge funding for TransLink would need to sign the regional fare agreement.

RIDES proposal — Bob McCleary (CCTA) stated that these kinds of programs are hard to describe to voters, and he does not see the nexus.

Real-Time Traveler Information — Ezra proposed a pool of funding that would be open to all operators. The program would be administered by MTC.

Bay Trail — Janet McBride (ABAG) observed that the request falls mainly into the Richmond-San Rafael and Bay Bridge corridors. Perhaps the proposal should be considered in these two corridors rather than systemwide.

Safe Routes to Transit — In response to Ezra's suggestion that pilot programs might be the best way to proceed, Jeff Hobson (Transportation and Land Use Coalition) observed that examples of bicycle parking exist at Berkeley and Palo Alto rail stations. These could be considered successful pilot programs. Mike Daley (Sierra Club) noted that it is difficult to estimate ridership impacts for a number of projects — not just the projects in this proposal.

Port Sonoma Ferry — Mike Daley stated that there is significant environmental opposition to this project.

SMART — Nina Rannells (GGBHTD) stated that the Golden Gate Transit Marin-Sonoma express bus proposal is linked to SMART, and the two should be evaluated on the same basis.

Novato Narrows HOV lanes — Jeff Hobson noted that the Transportation and Land Use Coalition does not support this project for toll funding.

Capital Corridor Expansion — Gene Skoropowski (Capitol Corridor JPB) stated that the final determination regarding the feasibility of putting rail on the new Benicia Bridge has not been made.

I-680 Express Bus — Jeff Hobson noted there are environmental red flags associated with the Lake Herman park and ride lot/transit center. Daryl Halls noted that the transit center would be located adjacent to the rail tracks so it could be a train stop. Gene Skoropowski (Capital Corridor JPB) pointed out the importance of including terminal facilities in express bus expansion proposals.

I-680/I-80 Interchange — Jeff Hobson noted this project has environmental red flags. Daryl Halls suggested the red flags are associated with a frontage road that is not included in the toll bridge request. Jeff believes there are environmental issues with the portion of the project included in the toll bridge request. Daryl Halls also noted that the environmental impact report has begun on this project.

I-680 Corridor Studies — Bob McCleary and Daryl Halls stated that the CMAs have studies underway in this corridor. They would prefer to have BART participate in the ongoing studies than to fund additional, duplicative studies. Ezra suggested they meet with BART to discuss this.

General — In response to questions, Ezra stated that MTC and legislative staff (represented by Ezra) will be conducting the evaluation. This will be a first step and will not include recommendations on the amount of funding for various projects. The Toll Advisory Committee will have an opportunity to make comments on November 8.

Revenue Estimates

Rod McMillan stated MTC estimates \$1.1 billion for capital and \$1.1 billion for operating over a 35-year period (2002\$), assuming 50% of revenues go to operations.

The estimate does not include financing costs. Rod distributed a handout illustrating growth in annual revenues compared to growth in transit operating costs over the 35-year period. This sheet assumes 0.33% annual growth in revenue and 3.2% annual growth in operating costs. Since MTC test have shown very low demand elasticity, it does not assume reduction in growth due to the toll increase. In response to questions, Rod noted that the calculation is intended to be illustrative. The growth rate is a conservative estimate, based on patterns over the past 10 years. It has not been validated against MTC's forecasts of 2025 bridge volumes. Over time, the \$61.5 million in revenues in year 1 (representing 50% of the total revenues) grows to \$2.27 billion by year 35 (not deescalated). With regard to operating costs, assuming a 3.2 % escalation rate, costs beginning at \$61.5 million would grow to a total of \$3.87 billion by year 35. The calculation assumes no additional toll increase over the period and no increases in fare revenue as a result of ridership or fare increases.

Rod discussed two possible approaches for operating funds: (1) program 50% (\$61.5 million) for operations in year 1 and 50% for each year thereafter. All cost increases would fall on the operators; (2) program less than \$61.5 million in year 1 and escalate annually so that operating costs = 50% of revenues over the whole period. The latter approach would result in between \$30 to \$40 million for operating in year 1.

Dennis Fay observed that sales tax expenditure plans typically limit operating to a fixed percent of revenues. One model presented here creates a flexible pot which requires the administrative agency to exercise considerable discretion. This deserves further discussion.

Ezra noted that the legislation will likely include the following provisions: (1) performance standards so that operating funds could be redirected from poorly performing services; (2) each operator will develop an operating plan and will sign an agreement acknowledging that bond payments will have first call on revenues; (3) BATA will administer the program.

Ezra made several observations regarding the estimates: (1) Regional trunkline transit has a stronger fare basis than transit overall; (2) it will be possible to build up operating reserve as part the deferral of capital projects that will not be ready for implementation until the middle or end of the program; (3) because the toll increase is in perpetuity, there is flexibility in financing — giving us the option to finance based on years beyond year 30; (4) however, the program should not have a big financing need so early revenues could be banked for future expenditures; the funds would need to be protected through some type of legislative firewall. The estimates are extremely conservative in assuming no additional toll increase over 35 years.

Jeff Hobson suggested that operating programs might receive credit if the relieve capital projects of financing charges. The project cost estimates should eventually include financing costs and operating cost escalation.

Nina Rannells stated that, at a minimum, the direct bridge services should be made sustainable through toll operating funds. Bob McCleary stated his preference that

sustainability be addressed for at least the first 5 to 10 years, preferably all 30 years). The program also should address capital replacement needs. Dennis Fay (ACCMA) would also like the bill to address capital replacement costs. Jim Gleich (AC Transit) noted that there are maintenance and replacement costs for all project components, not just vehicles. Margaret Okuzumi (Bay Rail Alliance) observed that the program is inherently unstable and we may have to accept a program that is weighted toward operations, with just a handful of capital projects

Ezra stated that performance measures would be included in operating plans that toll fund recipients would be required to submit to BATA. These plans would include sustainability requirements for fare increases and full funding plans. Ezra also stated that the intent is to create a sustainability reserve in the bill that is drafted and sent to the legislature. All agencies will have to help maintain this principle as the bill moves through the process.